

SECOND REGULAR SESSION

HOUSE BILL NO. 1735

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HARLAN.

Read 1st time January 30, 2002, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

4317L.011

AN ACT

To repeal section 30.260, RSMo, and to enact in lieu thereof three new sections relating to the local government investment pool.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 30.260, RSMo, is repealed and three new sections enacted in lieu thereof, to be known as sections 30.260, 30.951, and 30.952, to read as follows:

30.260. 1. The state treasurer shall prepare, maintain and adhere to a written investment policy which shall include an asset allocation plan which limits the total amount of state moneys which may be invested in any particular investment authorized by section 15, article IV of the Missouri Constitution. The state treasurer shall present a copy of such policy to the governor, commissioner of administration, state auditor and general assembly at the commencement of each regular session of the general assembly or at any time the written investment policy is amended.

2. The state treasurer shall determine by the exercise of the treasurer's best judgment the amount of state moneys that are not needed for current operating expenses of the state government and shall keep on demand deposit in banking institutions in this state selected by the treasurer and approved by the governor and state auditor the amount of state moneys which the treasurer has so determined are needed for current operating expenses of the state government and disburse the same as authorized by law.

3. Within the parameters of the state treasurer's written investment policy, the state treasurer shall place the state moneys which the treasurer has determined are not needed for current operations of the state government on time deposit drawing interest in banking

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

17 institutions in this state selected by the treasurer and approved by the governor and the state
18 auditor, or place them outright or, if applicable, by repurchase agreement in obligations described
19 in section 15, article IV, Constitution of Missouri, as the treasurer in the exercise of the
20 treasurer's best judgment determines to be in the best overall interest of the people of the state
21 of Missouri, giving due consideration to:

22 (1) The preservation of such state moneys;

23 (2) The liquidity needs of the state;

24 (3) The comparative yield to be derived therefrom;

25 (4) The effect upon the economy and welfare of the people of Missouri of the removal
26 or withholding from banking institutions in the state of all or some such state moneys and
27 investing same in obligations authorized in section 15, article IV of the Missouri Constitution;
28 and

29 (5) All other factors which to the treasurer as a prudent state treasurer seem to be
30 relevant to the general public welfare in the light of the circumstances at the time prevailing. The
31 state treasurer may also place state moneys which are determined not needed for current
32 operations of the state government in linked deposits as provided in sections 30.750 to 30.767.

33 4. Except for state moneys deposited in linked deposits as provided in sections 30.750
34 to 30.767, the rate of interest payable by all banking institutions on time deposits of state moneys
35 shall be the same as the average rate paid during the week next preceding the week in which the
36 deposit was made for United States of America treasury securities maturing and becoming
37 payable closest to the time of termination of the deposit, as determined by the state treasurer,
38 adjusted to the nearest one-tenth of a percent; except that the rate shall never exceed the
39 maximum rate of interest which by federal law or regulation a bank which is a member of the
40 Federal Reserve System may from time to time pay on a time deposit of the same size and
41 maturity.

42 5. Within the parameters of the state treasurer's written investment policy, the state
43 treasurer may subscribe for or purchase outright, or [by] **through** repurchase agreement, **local**
44 **government investment pool or money market mutual fund, as defined by the Securities**
45 **and Exchange Commission, make** investments of the character described in subsection 3 of this
46 section which the treasurer, in the exercise of the treasurer's best judgment, believes to be the
47 best for investment of state moneys at the time and in payment therefor may withdraw moneys
48 from any bank account, demand or time, maintained by the treasurer without having any
49 supporting warrant of the commissioner of administration. The state treasurer may bid on
50 subscriptions for such obligations in accordance with the treasurer's best judgment. The state
51 treasurer shall provide for the safekeeping of all such obligations so acquired in the same manner
52 that securities pledged to secure the repayment of state moneys deposited in banking institutions

53 are kept by the treasurer pursuant to law. The state treasurer may hold any such obligation so
54 acquired by the treasurer until its maturity or prior thereto may sell the same outright or by
55 reverse repurchase agreement provided the state's security interest in the underlying security is
56 perfected or temporarily exchange such obligation for other authorized securities of at least equal
57 market value with no maturity more than one year beyond the maturity of any of the traded
58 obligations, for a negotiated fee as the treasurer, in the exercise of the treasurer's best judgment,
59 deems necessary or advisable for the best interest of the people of the state of Missouri in the
60 light of the circumstances at the time prevailing. The state treasurer may pay all costs and
61 expenses reasonably incurred by the treasurer in connection with the subscription, purchase, sale,
62 collection, safekeeping or delivery of all such obligations at any time acquired by the treasurer.

63 6. As used in this chapter, except as more particularly specified in section 30.270,
64 obligations of the United States shall include securities of the United States Treasury, and United
65 States agencies or instrumentalities as described in section 15, article IV, Constitution of
66 Missouri. The word "temporarily" as used in this section shall mean no more than six months.

**30.951. 1. The state treasurer is hereby authorized to establish a "Local
2 Government Investment Pool", consisting of the aggregate of all funds from local officials
3 handling public funds that are placed in the custody of the state treasurer pursuant to this
4 section and sections 30.260, 30.270, and 30.952 for investment and reinvestment as
5 provided for in this section.**

6 **2. As used in this section, the following terms mean:**

7 **(1) "Governing body", the board, body, or persons in which the powers of a
8 municipality or political subdivision are vested;**

9 **(2) "Municipality", municipal corporations, political corporations, and other
10 public corporations and agencies authorized to exercise governmental functions;**

11 **(3) "Political subdivision", counties, townships, cities, towns, villages, schools,
12 county libraries, city libraries, city-county libraries, road, drainage, sewer, levee, and fire
13 districts, soil and water conservation districts, watershed subdistricts, county hospitals, any
14 board of control of an art museum, and any other public subdivision or public corporation
15 having power to tax.**

16 **3. Notwithstanding any other provision of law to the contrary, the governing body,
17 or any person designated by such governing body, of any municipality or political
18 subdivision of this state having authority to receive, hold, and expend public moneys or
19 funds may invest and reinvest in accordance with this section any moneys, including
20 without limitation proceeds of bonds, notes, or other indebtedness which are not
21 immediately required for the purposes for which the moneys were collected or received.**

22 **4. The state treasurer may administer the local government investment pool on**

23 behalf of the participating local officials. The treasurer may promulgate such rules as the
24 treasurer deems necessary for the efficient administration of the pool, including
25 specification of minimum investment amounts and minimum investment periods. Such
26 rules may provide for the administration of expenses of the pool to be paid from its
27 earnings and for the interest earnings in excess of such expenses to be credited or paid to
28 the participants in the pool in a manner which equitably reflects the differing amounts of
29 their respective investments and the differing periods of time for which such amounts were
30 in the pool. The state treasurer may contract with financial institutions and other service
31 providers in furtherance of the purposes of this section and section 30.952.

32 5. No rule or portion of a rule promulgated under the authority of this section shall
33 become effective unless it has been promulgated pursuant to chapter 536, RSMo.

34 6. The local government investment pool may invest funds, directly or through
35 repurchase agreements or money market mutual funds, as defined and regulated in Rule
36 2a-7 of the Securities and Exchange Commission, solely in the obligations authorized in
37 article IV, section 15 of the Missouri Constitution.

38 7. The state treasurer shall ensure all funds in the local government investment pool
39 are invested with the same degree of judgment and care, under circumstances then
40 prevailing, used in the investment of state funds.

41 8. A separate account for each participant in the fund shall be kept to record
42 individual transactions and totals of all investments belonging to each participant. A
43 monthly report showing the changes in investments made during the preceding month shall
44 be furnished to each participant in the local government investment pool.

45 9. The principal and accrued income, and any part thereof, of each and every
46 account maintained for a participant in the pool shall be subject to payment at any time
47 from the pool upon request, subject to applicable regulations and guidelines. Accumulated
48 income shall be remitted or credited to each participant at least quarterly.

49 10. The state treasurer may appoint an advisory board to assist in the marketing
50 and administration of the local government investment pool. At least seventy-five percent
51 of the advisory board shall be comprised of representatives of participants in the
52 investment pool.

53 11. There is hereby created in the state treasury the "Local Government
54 Investment Pool Revolving Fund" which shall consist of revenues collected pursuant to this
55 section. The fund shall be administered by the state treasurer. Upon appropriation,
56 money received by the fund shall be used solely for the administration of this section.

57 12. Notwithstanding the provisions of section 33.080, RSMo, to the contrary, any
58 moneys remaining in the fund at the end of the biennium shall not revert to the credit of

59 the general revenue fund. The state treasurer shall invest moneys in the fund in the same
60 manner as other funds are invested. Any interest and moneys earned on such investments
61 shall be credited to the fund.

30.952. Notwithstanding any other provision of law to the contrary, any
2 municipality or political subdivision of this state, as defined in section 30.951, may place
3 public funds, directly or through money market mutual funds, as defined by the Securities
4 and Exchange Commission, in the investments authorized by article IV, section 15 of the
5 Missouri Constitution so long as the municipality or political subdivision has adopted a
6 written investment policy pursuant to section 30.950.